

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3635-07
Bill No.: HCS for SS for SCS for SB 580
Subject: Political Subdivisions; Counties; County Government; Cities, Towns, and Villages
Type: Original
Date: April 26, 2010

Bill Summary: This proposal modifies various provisions relating to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown exceeding \$458,635)	(Unknown exceeding \$10,711,008)	(Unknown exceeding \$10,821,189)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$458,635)	(Unknown exceeding \$10,711,008)	(Unknown exceeding \$10,821,189)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 56 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS
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FUND AFFECTED	FY 2011	FY 2012	FY 2013
School District Trust Fund	(Unknown)	(Unknown)	(Unknown)
Parks, Soil & Water Fund	(Unknown)	(Unknown)	(Unknown)
Conservation Fund	(Unknown)	(Unknown)	(Unknown)
Highway Fund	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
Off-Highway Vehicle Public Lands Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013

General Revenue	8 or 9	8 or 9	8 or 9
Total Estimated Net Effect on FTE	8 or 9	8 or 9	8 or 9

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	(Unknown exceeding \$85,000)	(Unknown exceeding \$182,000)	(Unknown exceeding \$182,000)

FISCAL ANALYSIS

ASSUMPTION

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Section 21.870

In response to a similar proposal from this session (HB 2372, 5407-01), officials from the **Department of Economic Development** assumed that there would be no fiscal impact from this proposal.

Officials from the **Department of Natural Resources (DNR)** state this proposal would establish the "Joint Committee on Missouri's Eco Friendly Solid Waste" to examine Missouri's present and future solid waste management needs to determine the best strategy to ensure an affordable and environmentally conscious strategy for long-term waste management that will meet the needs of the people and businesses of Missouri for the next twenty-five years.

Since the department has responsibilities and authorities in this area, the department would be involved with the committee's work to the extent necessary. For purposes of this fiscal note, the department assumed our costs would involve providing information already available to the program and the program would not see a significant increase in the amount of staff time spent for research, data collection, and preparation of reports.

However, if the Joint Committee required a significant amount of research in areas not presently within the program's purview or collection of new data from the public, this could impact the program's core efforts. The Solid Waste Management Fund is experiencing funding challenges. The program has had to reduce services due to funding shortfalls which would make it difficult to absorb any additional responsibilities without additional resources.

Officials from the **City of Kansas City** state this legislation would impede Kansas City's ability to develop and implement a solid waste management plan. By impeding city ownership or operation of a solid waste processing facility, section 21.870.2 conflicts with 10 CSR 80-6.010, Local Solid Waste Management, and Section 260.215, RSMo, which delegate responsibility to cities and counties for development of solid waste management plans and implementation of approved plans according to the timetable in those plans. Implementation of the City of Kansas City, Missouri, Long-Term Solid Waste Management Strategic Plan, which has been approved by the Missouri Department of Natural Resources, includes development and operation of the Kansas City Eco Center, a material recovery and transfer facility. Section 21.870.1 mandates the suspension of the issuance of permits for a solid waste processing facility.

ASSUMPTION(continued)

This action would prevent the City of Kansas City, Missouri, from implementing its plan,

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including development and operation of the Eco Center, within the timetable set within the City's plan. The inability to implement such plans has a negative fiscal impact due to the administrative costs.

Sections 29.212, 56.809, 70.605, 104.190, 104.480 & 169.020

In response to identical legislation filed this year (SB 714, 3598-02) the following responded:

The **Joint Committee on Public Employee Retirement** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660 (10).

Officials from **Local Government Employees' Retirement System** assume this proposal may be a duplicative cost to Missouri citizens. In complying with Section 70.615.18 RSMo., the Board of Trustees receives an annual audit within 4 months of the fiscal year-end at a cost of approximately \$42,500. Any additional audits of the same period would be duplicative cost to Missouri citizens. The amount of the duplicative cost would be contingent upon the frequency of audits and hours committed to the project.

Officials from the **Missouri Department of Conservation** and the **Missouri State Employees Retirement System** assumed there would be no fiscal impact to their agency.

Officials from the **Public School Retirement System** (PSRS/PEERs) assumed in complying with Section 169.020 RSMo., the Board of Trustees receives an annual audit within 4 months of the fiscal year-end at a cost of approximately \$51,400. While PSRS/PEERs does not object to any review of their systems and has always cooperated fully with the State Auditor's Office, their members, the media and the public, any additional audits of the same period would be duplicative in nature and result in duplicative cost to the Missouri teachers and school districts. The amount of the duplicative cost would be contingent upon the frequency of audits and hours committed to the project. This proposal would have no material fiscal impact on the systems.

Section 48.020

In response to identical legislation filed this year (HB 1806, 4433-06), officials from the **Office of Budget and Planning, Office of the Attorney General, and the State Tax Commission** assumed this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Revenue (DOR)** assume there would be no fiscal impact to their agency.

Oversight did not receive any other responses to our request for information on this proposal.
ASSUMPTION (continued)

Section 48.050

In response to identical legislation proposed this year (HB 1460, 3846-01), officials from the **State Tax Commission** and **Cass County** assumed this proposal would have no fiscal impact on their respective agencies.

No other county responded to **Oversight's** request for fiscal impact.

Section 49.310

Oversight assumes the proposal is permissive, allowing counties of the third classification to erect and maintain a jail or holding cell facility at a location other than the county seat, but would not require the counties to do so. Therefore, **Oversight** reflects no fiscal impact.

Section 50.622

In response to a similar proposal from this session (HB 1793, 4625-01), officials from the **State Tax Commission**, **Boone County** and **Cass County** assumed there would be no fiscal impact to their organizations.

Oversight assumes this is enabling legislation that allows counties to amend their budgets to reflect increases or decreases in revenues. Therefore, **Oversight** assumes no state or local fiscal impact.

Sections 50.660 & 50.783

In response to a similar proposal from 2009 (SB 256, 1337-01), the following responded:

Officials from the **State Tax Commission** and **Clinton County** assumed there would be no fiscal impact to their organizations.

Officials from **Cass County** assumed this proposal is raising the dollar amount before a bid must be noticed to the public. Cass County assumed there would be some cost savings since it may reduce the number of bid notices for purchases under \$6000.

Officials from **Platte County** assumed there will be a net cost savings to their county; however, the amount is not determinable at this time.

Oversight, because this proposal is permissive, will show fiscal impact to local governments to be zero.

ASSUMPTION (continued)

Sections 52.290, 52.312, 52.361, 52.370, 54.010, 55.140, 55.190, 139.031, 139.140, 139.150,

139.210, 139.220, 140.050, 140.070, 140.080, 140.160 & 165.071

In response to identical legislation filed this year (SB 736, 3560-02), officials from the **State Tax Commission** and the **St. Louis Collector** assumed there would be no fiscal impact to their respective agencies.

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Section 55.030

In response to identical legislation filed this year (SB 628, 3445-01), the following responded:

Officials from **St. Charles County** estimated a savings of \$18,000 annually by eliminating fixed asset tracking of small dollar items.

Officials from **Jackson County** did not respond to our request for fiscal impact.

Oversight assumes this proposal would have no fiscal impact on state funds.

Section 59.003

In response to identical legislation filed this year (HB 1959, 4078-01), the following responded:

Officials from **St. Charles Recorder of Deeds' Office** stated this bill would benefit many counties who have been losing general fund copy revenue to the Secretary of State's office. County Recorders have had the Secretary of State microfilm and store their records because they cannot perform this function for themselves or pay a private vendor to perform it for them. The Secretary of State has been selling copies of the County Recorder's documents, at cost, to the

Title Companies and other interested businesses. This causes those counties to suffer additional revenue losses as a result. This new statute would require the public to obtain their copies from the actual custodian of those records, not from an entity who is merely storing the records for the custodian.

Officials from **Greene County Recorder of Deeds' Office** stated this bill will generate revenue for the county and will not allow others to sell records maintained by the local county recorder's office.

Oversight assumes this proposal would have positive fiscal benefits for local governments; therefore, Oversight will show a fiscal impact to local governments to be zero or a positive unknown.

Oversight assumes there would be no state costs.

ASSUMPTION(continued)

Sections 59.318 & 193.265

In response to identical legislation filed this year (HB 1643, 3802-01), the following responded:

Officials from the **Department of Health and Senior Services** assumed there would be no fiscal impact to their agency.

Officials from **Jackson County Recorder of Deeds** stated software modification/expenditures would be required for the inclusion of an application check-off box for donations when issuing marriage licenses, creation of a financial tracking module in order to accept/process financial donations, and the creation of a modified printed receipt acknowledging when such donations are processed. Officials estimate a fiscal impact of \$5000 - \$10,000. This estimate does not include administrative employee training to explain/accept donations nor does it include the Finance Department's expense for processing the donations.

Oversight assumes this proposal is permissive in nature and authorizes the recorder of deeds in Jackson County to collect a \$1 donation over and above any required fees charged for recording or providing a certified copy of a marriage license or birth certificate. Therefore, Oversight will show fiscal impact to local government to be zero.

Section 60.650

In response to identical legislation filed this year (HB 2029, 4663-01), officials from the **State Tax Commission** assumed this proposal would have no fiscal impact on their organizations.

In response to identical legislation filed this year (HB 2029, 4663-01), officials at the **Missouri Department of Conservation** assumed a negative impact of \$2,500 on MDC funds.

Oversight did not receive any other responses to our request for information.

Oversight assumes this proposal would require a completed land survey to be filed with a county recorder or deeds more often than is the case under existing provisions. This would result in additional income to county recorders' offices. Accordingly, Oversight will indicate an unknown amount of additional revenue to local governments in this fiscal note.

Sections 60.670 & 327.272

In response to identical legislation filed this year (SB 621, 3565-01), officials from the **State Tax Commission** assumed there would be no fiscal impact to their agency.

Officials from the **Department of Revenue** assume there would be no fiscal impact to their agency.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** assume section 60.670.2 of this

proposal would require the state land surveyor to write standards for maps with land boundaries tied to the Public Land Survey System or cadastre.

Section 60.530 states the state land surveyor may hire professional staff as necessary to help carry out his responsibilities.

DNR assumes a portion of a Professional Land Surveyor II would be responsible for authoring the standards and revising the standards every ten years. This FTE would be spending one-tenth time on the standards. In the fiscal note response to identical legislation from the 2009 session, DNR assumed there would be minimal fiscal impact.

The Land Survey Fee Fund is experiencing funding challenges. The program has had to reduce services which would make it difficult to absorb any additional responsibilities without additional resources. Therefore, DNR has quantified the anticipated ongoing fiscal impact.

Oversight assumes the Department of Natural Resources could absorb the costs of 0.1 FTE within their current appropriation level. If multiple bills pass or if multiple initiatives are validated which require similar endeavors at substantial costs, the Department of Natural Resources could request funding through the appropriation process.

Section 66.720

Officials from the **Department of Corrections** assume this proposal would not fiscally impact their agency.

Officials from Jefferson County did not respond to **Oversight's** request for fiscal impact. **Oversight** assumes no fiscal impact from this proposal.

Section 67.085

In response to a similar proposal filed this year (HB 1446, 3372-03), officials from the **Francis Howell School District, University of Central Missouri, Missouri State University, Missouri Western State University, City of Centralia** and **Metropolitan Community College** assumed there would be no fiscal impact on their organizations.

Sections 67.110, 138.431 & 321.250

Officials from the **Department of Revenue** and the **City of Centralia** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Property Tax Rate Setting

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In response to identical legislation filed this year (HB 1392, 3042-03), the following responded:

Officials from the **Parkway School District** stated that this proposal would have saved their organization \$3.5 million in the 2009-2010 fiscal year, and assume that cost savings would be similar in future years.

Officials from the **State Tax Commission, Metropolitan Community College, Cass County, City of Centralia, City of Kansas City, and the Office of the St. Louis County Collector of Revenue** assumed there would be no fiscal impact on their organizations.

Officials from the **Special School District of St. Louis County (SSD)** stated that a previous version of the proposal would not be expected to have a material fiscal impact on their organization. SSD officials also stated that the proposal would fix a problem that caused the district to incur a 3% drop in property taxes in the current fiscal year.

Officials from the **Budget and Planning** did not respond to our request for information.

Oversight notes that this proposal would change the date by which taxing authorities must determine the ad valorem tax rate for the next year. Accordingly, Oversight assumes this proposal would have no fiscal impact on the state nor on its political subdivisions.

Fire District Tax Rate Setting

Oversight did not receive any responses to these provisions and assumes these provisions would modify the property tax rate setting deadline for certain political subdivisions. Accordingly, **Oversight** assumes this proposal would have no fiscal impact on the state nor on its political subdivisions.

State Tax Commission Hearing Officers

These provisions would allow each party to an appeal before the **State Tax Commission** one change of hearing officer.

Officials from the **Budget and Planning (BAP)** assumed that similar provisions in HB 1486, would not result in additional costs or savings to their organization.

Officials from the **State Tax Commission (TAX)** assumed that similar provisions in HB 1486, would require TAX to assign a new hearing officer to an appeal if the party files a timely ASSUMPTION (continued)

application to disqualify the hearing officer originally assigned to the appeal. Currently TAX has

only three hearing officers to handle the thousands of appeals filed each year. The TAX response included one FTE Hearing Officer; and estimated total costs for salary, benefits, expense, and equipment were \$70,412 for FY 2011, \$85,233 for FY 2012, and \$87,789 for FY 2013.

Oversight assumes there would be a limited number of hearings where one of the parties would request the disqualification of a hearing officer and that TAX could implement this provision with existing resources. If unanticipated costs are incurred or if multiple proposals are incurred which increase then TAX could request resources through the budget process.

Section 67.309

Officials at the **Department of Social Services** assume that there would be no fiscal impact from this proposal.

In response to similar legislation filed this year (SB 831, 4711-01), the following responded:

Officials from **Cass County, Springfield Police Department** and **Boone County Sheriff's Department** assumed the proposal would not fiscally impact their organizations.

Officials from the **Columbia Police Department** stated this proposal would have a fiscal impact to their department due to the increased manpower hours of officers investigating, processing, and report writing on juvenile curfew violations.

Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Section 67.314

Officials at the **Parkway School District** assume a cost of \$2,800 per bid for advertising.

In response to similar legislation filed this year (SB 729, 4025-01), the following responded:

Officials from the **Department of Conservation, Department of Natural Resources, Cass County,** and **Missouri State University** assumed there would be no fiscal impact to their respective agencies.

ASSUMPTION (continued)

Officials from the **City of Kansas City** stated this legislation may have a negative fiscal impact

on the City of Kansas City, Missouri, in an indeterminate amount because this legislation would result in higher administrative costs and unknown financial consequences of delaying the opening of bids and subsequent commencement of a project.

Officials from the **City of Joplin** stated this legislation mirrors their city purchasing policies except for the bidding limit which is \$15,000. The reason for this limit is because local advertisement is quite expensive, and there are times that some smaller projects need a faster turn around than a formal bid can allow.

Officials from the **City of Centralia** estimated this bill will increase costs for their jurisdiction by \$1950.00 per year. This is based on the purchase of 10 ads @ \$195.00 each for construction or repair projects, not otherwise advertised.

Officials from the **Branson Public Schools** stated this bill would negatively affect their district in the following ways:

- An increase in advertising costs of \$10,000 based on their average 20 projects per year that don't currently require advertising.
- An expected increase of approximately 10% to cover the additional cost of contractors to provide bid and performance bond insurance previously not required on small projects.
- An unknown increase to construction costs based on fewer bidders per project due to the loss of small sized contractors that do not qualify to be bonded and thus unqualified to bid.

Oversight assumes an unknown negative impact to local government funds.

Section 67.456

In response to similar legislation filed this year (SB 1058, 5233-02), officials from the **Department of Economic Development** assume there would be no fiscal impact to their agency.

In response to similar legislation filed this year (HB 1593, 4250-01), officials from the **State Tax Commission** assumed the proposal would not fiscally impact their agency.

In response to a similar proposal from 2009 (HB 377, 1181-01), officials from **Budget and Planning** stated this proposal modifies the method for recalculating and reassessing property in certain neighborhood improvement districts. This proposal will not impact general and total state revenues.

ASSUMPTION (continued)

Section 67.1000

In response to a similar proposal from 2009 (SB 187, 0600-01), officials from the **City of Jefferson** stated for each one cent increase in the tax, they will generate \$140,000 in additional revenue for the Convention and Visitor's Bureau. Assuming the voters approved, the City could increase its tax by an additional 4 cents under this legislation.

Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guest of hotels and motels and other business that offer sleeping rooms. Oversight assumes the increase could not be taxed without voter approval; therefore, Oversight assumes this proposal to be permissive, and would have no state or local fiscal impact.

Section 67.1003

Oversight assumes this proposal would allow the City of Excelsior Springs to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 67.1018

Oversight assumes this proposal would allow the County of Carter to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 67.1360

Oversight assumes this proposal would allow the County of Montgomery and the City of Sugar Creek to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms. The tax shall be at least 2% but not more than 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Sections 67.1361 & 70.220

Oversight notes that this proposal would allow the City of St. Joseph and Buchanan County to contract with one another to share tax revenues for the purpose of promoting tourism and constructing, maintaining, and improving a convention center. Current provisions allow the city and the county to perform similar functions individually. Since the proposed legislation would only become effective after the approval of the governing bodies of both organizations, Oversight will indicate no fiscal impact for the proposal.

ASSUMPTION (continued)

Section 67.2000

Officials from the **Department of Revenue** stated their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441. The value of the level of effort is calculated by taking 1 FTE for a total of one month, for modifications to the department's sales tax system (MITS).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

In response to similar legislation filed this year (SB 700, 3792-02), officials from **DeKalb County** estimated the fiscal impact of the above-referenced bill for fiscal years 2009, 2010 and 2011 to be as follows:

- Revenues: Revenues for 2009 are final as this is the 12th month of the year. One-fourth is \$157,260. Revenues for 2010 estimated at \$150,000 and the same for 2011. I did not include an increase in Sales Tax for the 2010 and 2011 as it has declined from 2008 and I do not anticipate an increase in Sales Tax in the future.
- Costs: Holding hearings for the establishment of this district would incur the expense of publication of hearing notices in the local newspapers. This expense would be approximately \$600 per newspaper with three newspapers to publish the hearing notice. Total expense estimated to be \$1,800. The expense of holding a County wide election is estimated to be \$8,000. If the issue passes and a board is appointed, the expense of their actual and necessary expenses would occur. This is estimated to be \$4,000 per year. This board would have to have Errors and Omissions Insurance with an estimated cost of \$5,000 per year.

In response to similar legislation filed this year (SB 700, 3792-02), officials from **Daviess County** assumed they would incur election costs of \$12,060 in FY 2011 as a result of this proposal.

Officials from **Caldwell County** and **Clinton County** did not respond to our request for a statement of fiscal impact.

ASSUMPTION (continued)

Oversight assumes this proposal is permissive and would require voter approval before any

fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund.

If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

Section 67.2050

Officials from the **Department of Economic Development**, and **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

In response to identical legislation filed this year (HB 2107, 4776-01), the following responded:

Officials from the **City of Centralia** stated that since there are no such projects known or contemplated in their jurisdiction, the proposal would have no fiscal impact on their organization.

Officials from the **Budget and Planning (BAP)** assumed the proposal would not result in additional costs or savings to their organization.

BAP officials stated that the proposal would exempt transactions involving the lease or rental of any components of a technology business facility project from local sales tax. The Department of Revenue (DOR) collects local sales taxes for certain municipalities and charges a fee for that collection. As a result of the exemption contained in this bill, the amount of local sales tax revenue DOR collects for certain municipalities may be minimally reduced, potentially reducing the amount of work and collection fee revenue for DOR.

Oversight assumes that any reduction in state revenue from local government sales tax collection charges would be minimal.

Oversight notes that this proposal would allow any municipality in the state, county, city, incorporated town, or village - to develop a technology business facility project. A qualifying project would be located in a portion of an underground mine that contains at least two million square feet of space, and project resources could only be used for certain technology-related businesses.

ASSUMPTION (continued)

Oversight assumes that any impact related to this proposal would be the result of some future

action by a municipality and will not include any impact in this fiscal note.

Section 67.2725

In response to identical legislation from this year (SB 851, 4142-04), officials from the **Department of Economic Development, State Tax Commission, City of Centralia, Linn State Technical College**, and the **City of Kansas City** assumed there would be no fiscal impact to their organizations.

Oversight assumes this proposal would have no fiscal impact on the state or local governments.

Section 67.3025

Officials from the **Department of Natural Resources** assume there will be no fiscal impact to their agency.

Officials from **Caldwell County** did not respond to Oversight's request for fiscal impact.

Sections 68.025, 68.035, 68.040, 68.057, 68.070, 68.200, 68.205, 68.210, 68.215, 68.220, 68.225, 68.230, 68.235, 68.240, 68.245, 68.250, 68.255, & 68.260

In response to similar legislation filed this session, SB 578, the following responded:

Officials from the **Department of Revenue (DOR)** stated the proposal allows the port authority to levy a sales and use tax on all retail sales within the boundaries of the district and provides ballot language. The taxes may be imposed in 1/8 of 1 percent increments, up to 1 percent. The taxes are not effective until after approval by the qualified voters who live in the district.

DOR states their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax system, changes cannot be made without significant impact to the department's resources and budget. Therefore, the Information Technology portion of the fiscal impact is estimated with a level of effort valued at \$4,441 (1) FTE for 1 month to make updates to the Missouri sales tax system (MITS).

Oversight assumes DOR will not incur this expense unless the port authorities initiate a referendum and the appropriate voters approve the new sales tax.

ASSUMPTION (continued)

In response to a similar proposal from 2009, HB 215, the following responded:

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Officials from the **Kansas City Port Authority** assumed they would not be fiscally impacted by the proposal.

Officials from the **Southeast Missouri Port Authority** (SEMO Port) stated in 1985, both Cape Girardeau and Scott Counties proposed and passed a quarter-cent sales tax to provide capital funds for Semo Port. The proposals passed by 65% to 70% in both Counties, strongly supported by the County Commissions and other local elected officials. The sales tax ran 1986-1990 and sunset after four years. It brought in \$7.3 million in capital funds and was crucial in giving the Port a strong development effort. This was done by the two Counties in coordination with and in support of the Port.

In their situation, SEMO port states they do not foresee trying to enact any kind of tax without the complete support of the two County Commissions. With their support, the tax likely would be pursued under the Counties rather than under the Port. If it were done under the Port, there could be additional costs for collecting the tax through the normal County procedures, but I do not see this happening -- it would be done by the Counties themselves. It would be difficult in any case to see a future tax to support the Port's development, unless some very specific major development were contemplated.

Officials from the **City of St. Louis Port Authority, St. Joseph Regional Port Authority, Kansas City, Jackson County, City of St. Louis, City of St. Joseph and Buchanan County** did not respond to **Oversight's** request for fiscal impact.

Oversight assumes the proposal is permissive in nature and allows Port Authorities to pursue an increase in sales tax and/or property tax to fund projects. Approval must be given by the voters in the district. Therefore; Oversight will not reflect a direct fiscal impact as a result of this proposal.

Oversight assumes if the voters were to approve a tax increase, there would be revenue generated for the port authority projects. If the citizens would approve a sales tax increase for the Port Authorities, the Department of Revenue would retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

ASSUMPTION (continued)

Section 71.275

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In response to similar legislation filed this session, SB 942, the following responded:

Officials from the **Department of Economic Development** assumed there would be no fiscal impact to their agency.

Officials from the **City of Kansas City** assumed this proposal would have no fiscal impact on their city.

Officials from **Byrnes Mill** assume a cost of approximately \$1,000 to \$3,000 each fiscal year and a revenue of \$60,000 to \$110,000 per fiscal year.

Oversight did not receive any other responses from local governments which might be affected by this proposal.

Oversight assumes this proposal would allow municipalities to annex a parcel of land within a research, development, or office park which could result in additional tax revenue to the municipalities but would require additional services to be provided by those municipalities. Any fiscal impact to a local government would result from a successful annexation process in an situation which met the requirements of the proposal. For fiscal note purposes, Oversight will indicate no impact to the state or to local governments.

Sections 71.515, 250.140 & 393.107

Officials at the **Department of Economic Development's Office of the Public Counsel and Public Service Commission, City of Centralia** and the **Little Blue Valley Sewer District** assume that there is no fiscal impact from this proposal.

Officials at the **Metropolitan St. Louis Sewer District (MSD)** assume a change to pursuing only tenants for delinquent sewer charges would result in major programming and implementation costs and the need for additional staffing. FY 2011 costs of \$2,846,359 and FY 2012 and FY 2013 costs of \$1,351,245.

Officials at the **Public Water Supply District #2 of St. Charles County** assume without the ability to hold landlords responsible for their tenants' water and sewer bills the district expects it could lose \$4,000 to \$8,000 per year.

ASSUMPTION (continued)

Officials from the **City of Kansas City** state there are two sections having a negative fiscal

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impact on Kansas City's provision of water and sewer services. Section 250.140 states that water/sewer shall be deemed furnished to the occupant and deletes the wording that deems it also to be furnished to the owner; it also states this section does not apply to services requiring application by the property owner. Kansas City's Water services is now requiring new accounts to be in the name of the owner; however, there will be a fiscal impact to Kansas City until all accounts are converted. Section 393.107 states that no water or sewer provider supplying an occupant water or sewer services shall hold an owner liable for delinquent bills. This would have a negative fiscal impact as Kansas City can hold both the owner and the occupant responsible.

No other city, water or sewer district responded to **Oversight's** request for fiscal impact.

Oversight assumes no impact from this proposal as it allows the district to sue the tenant to recover the back payment.

Section 77.305

In response to a similar proposal from this session (SB 581, 3162-01), officials from the **Town of Carrollton** stated that election cost would be between \$5 and \$10 thousand.

Oversight assumes the proposal is permissive in nature. Therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

Section 79.025

Officials at the **City of Byrnes Mill** assume an unknown impact on the City but assume the impact would be detrimental.

Oversight assumes no fiscal impact.

Section 88.832

Officials from the **Department of Natural Resources** assume there will be no fiscal impact to their agency.

In response to identical legislation filed this year (HB 1680, 3623-01), officials from the **City of West Plains** stated this proposal could have a major negative fiscal impact on the City even though the City's fees are 85 cents per ERU (equivalent run off unit = 1800 square feet).

ASSUMPTION (continued)

Oversight notes that this proposal prohibits third class cities from imposing stormwater usage

fees on specific property. Oversight assumes that third class cities will lose the sewer usage revenue. Therefore, Oversight will indicate an unknown negative impact to third class cities.

Sections 92.715, 140.100 & 141.830

Officials at the **Department of Revenue** assume that there is no fiscal impact from this proposal.

In response to identical legislation filed this year (HB 2071, 4446-01), officials from the **State Tax Commission** assumed there would be no fiscal impact to their agency.

Officials from the City of St. Louis did not respond to **Oversight's** request for fiscal impact. **Oversight** assumes no fiscal impact from this proposal.

Section 94.271

Oversight assumes this proposal increases the tax to 5% that Grandview could charge a guest of hotels and motels and other businesses that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and there would be no state or local fiscal impact.

Section 94.832

In response to a similar proposal from this session, SB 862, officials from the **City of North Kansas City** estimated that for each one-percent that the local citizens vote to impose, North Kansas City's collections would increase by about \$100,000 or a maximum of an estimated \$500,000 should the maximum 5% level be approved.

Oversight assumes this proposal would allow the City of North Kansas City to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 94.834

Oversight assumes this proposal would allow the City of Sugar Creek to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

ASSUMPTION (continued)

Section 94.840

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Oversight assumes this proposal would allow the City of Raytown to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 94.845

Oversight assumes this proposal would allow the City of Van Buren to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 94.1011

In response to a similar proposal from this session (HB 1388), officials from the **City of Waynesville** stated the proposal could generate roughly \$60,000 per year and be used to build a 100 room hotel and convention center.

Oversight assumes this proposal would allow the City of Waynesville to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 3%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Sections 115.305, 115.342, 321.018 & 321.130

In response to similar legislation filed this year (HB 1739, 4412-04), officials from the **State Tax Commission, Cass County, Creve Coeur Fire Protection District and Central County Fire and Rescue** assumed there would be no fiscal impact to their respective agencies.

Officials from the **Department of Revenue** assume there would be no fiscal impact to their agency.

Oversight assumes no fiscal impact to state or local governments.

Section 115.350

In response to similar legislation filed this year (SB 589, 3191-01), officials from the **Missouri Ethics Commission, Cass County, Kansas City Board of Election Commission, and the Platte County Board of Election Commission** assumed that there would be no fiscal impact from this proposal.

ASSUMPTION (continued)

No other county or local election authority responded to **Oversight's** request for fiscal impact. **Oversight** assumes this proposal would not fiscally impact the election authorities.

Sections 135.950, 135.953, 135.957, 135.960, 135.963, 135.967 & 135.969

In response to similar legislation filed this year (HB 2026, 4908-02), the following responded:

Officials from the **Budget and Planning (BAP)** stated this proposal creates "certified industrial zones" as part of the enhanced enterprise zone (EEZ) program. The proposal earmarks, for these zones, \$10M of the \$24M currently available for EEZ projects. These tax credits are transferable and refundable. The proposal expands the industries eligible for these zones.

This proposal may increase the issuances and redemptions for the EEZ program. DED had projected \$14.6M in authorizations for FY12, and a smaller amount of issuances and redemptions. This proposal will reduce general and total state revenues to the extent redemptions increases. This proposal may encourage additional economic activity, but BAP cannot estimate the induced revenues. DED may have such an estimate.

Officials from the **Department of Economic Development (DED)** stated the proposed legislation revises the Enhanced Enterprise Zone program and adds new language for the creation of "certified industrial zones." Section 135.967 allows \$10 million of the \$24 million cap to be used for the new certified industrial zone program.

DED states they anticipate an increase in the amount of zones that will be approved and therefore anticipates an increase in the workload. Based on that increase, an additional FTE would be needed in the Business and Community Services Division. This FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and conducting random audits to ensure compliance with the program. The related costs for these FTE include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel. DED estimates the cost for this FTE to be roughly \$75,000 per year.

Oversight assumes DED's estimate of expense and equipment cost for the new FTE could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2011 could be reduced by roughly \$6,000.

Oversight will assume DED could absorb the administration of this proposal until a certain number of new certified industrial zones are created. Therefore, Oversight will range the fiscal impact to DED from \$0 to the anticipated cost of the FTE.

ASSUMPTION(continued)

Officials from the **Department of Revenue (DOR)** state their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$13,356 (504 FTE hours to make programming changes to the individual income tax processing system (MINITS) and the corporate income tax processing system (COINS)).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Officials at the **Department of Elementary and Secondary Education** assumed tax subsidies reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

Officials from the **Department of Revenue** also stated their Personal Tax Section would need one Revenue Processing Technician I for every 6,000 new credits claimed. DOR's Collections and Tax Assistance Section would need one FTE for every 24,000 contacts on the non-delinquent tax line, one FTE for every 15,000 contacts on the delinquent tax line, and one FTE for every 4,800 contacts in the tax assistance offices. Also, DOR's Corporate Tax Section states this proposal creates a new tax credit to be applied to Chapter 143 taxes; therefore, would need one FTE for every 6,000 additional tax credit redemptions.

In summary, DOR assumes the cost of the five additional FTE would cost roughly \$215,000 per year.

Based upon the number of certificates issued and projects currently in the Enhanced Enterprise Zone program (see chart below), **Oversight** assumes the number of contacts made and credits redeemed will not reach the thresholds mentioned by DOR for requiring additional FTE. If the new program within the EEZ program is widely used, Oversight assumes DOR could request additional FTE through the appropriations process.

Officials from the **State Tax Commission** assume the proposal would not fiscally impact their agency.

ASSUMPTION(continued)

Oversight assumes the reduction in personal property tax revenues to local political subdivisions is dependent upon approval of the local political subdivisions.

According to the Tax Credit Analysis sheet supplied by the Department of Economic Development, The Enhanced Enterprise Zone program has had the following activity;

	FY 2007	FY 2008	FY 2009	FY 2010 (projected)	FY 2011 (projected)
Certificates Issued	4	18	31	50	65
Projects	4	38	30	55	75
Amount Authorized	\$3,650,200	\$7,614,660	\$9,807,051	\$12,850,000	\$14,600,000
Amount Issued	\$115,319	\$1,199,842	\$2,262,259	\$4,000,000	\$6,100,000
Amount Redeemed	\$5,188	\$756,006	\$1,454,319	\$2,600,000	\$3,965,000

Oversight assumes this proposal may increase the amount of credits that are issued under the Enhanced Enterprise Zone program. However, Oversight has already reflected the potential loss to General Revenue up to the annual \$24 million cap in prior fiscal notes. The changes within this proposal do not change that annual cap. Therefore, while this proposal may increase the utilization of the program, Oversight will assume DED will still not be able to issue credits above the previously established \$24 million annual cap, and therefore, Oversight will not show additional revenue loss resulting from this proposal.

Oversight also assumes this proposal could have positive fiscal impact to the state; however, Oversight considers those benefits to be indirect affects and have not reflected them in the fiscal note.

Section 137.115

Due to existing property tax limitation provisions, **Oversight** assumes that this proposal would at least partially shift local property taxes from eligible owners of property to owners of property who are not eligible for the reduction in assessed valuation. Finally, based on our review of property tax rate information developed by the Office of the State Auditor, **Oversight** has determined that many local governments would be able to compensate for a reduction in assessed valuation by increasing tax rates within existing tax rate ceilings.

ASSUMPTION(continued)

Section 137.126

In response to HB 2361, officials at the **Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings to the BAP. This proposal would limit increases in assessed valuation of motor vehicles to the same percentage as the percentage increase in the Consumer Price Index over the previous year. This could potentially decrease the amount of local tax revenue and the amount going to the State Blind Pension Fund. There would be an impact to 18(e) and TSR by the unknown decrease in funds going to the State Blind Pension Fund.

Due to existing property tax limitation provisions, **Oversight** assumes that this proposal would at least partially shift local property taxes from eligible owners of property to owners of property who are not eligible for the reduction in assessed valuation. Finally, based on our review of property tax rate information developed by the Office of the State Auditor, **Oversight** has determined that many local governments would be able to compensate for a reduction in assessed valuation by increasing tax rates within existing tax rate ceilings.

Sections 137.180 & 137.355

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

In response to identical legislation filed this year (HB 1316, 3545-03), the following responded:

Officials from the **State Tax Commission (TAX)** assumed there would be no fiscal impact to their organization. TAX officials also assume there would be a potential for cost savings to local governments which would not be required to provide the current mandatory tax liability notice.

TAX officials stated the total cost of software to provide the proposed notice has been estimated at \$1.1 million and they had submitted a budget request for \$100,00 for a business analysis of that cost. A similar budget request has been denied the past two budget cycles.

Officials from **Cass County** assumed there would be some administrative costs in implementing this proposal, and the proposed requirements would impact the Assessor's budget. Cass County officials assume the impact is unknown.

Officials from **St. Louis County** provided an estimate of the cost to provide the notice that would be required if the proposal is enacted and the software is provided by the State Tax Commission.

ASSUMPTION(continued)

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	Envelopes	Postage	Printing	Mailing	Total
FY 2011	\$6,000	\$134,808	\$19,755	\$9,650	\$170,213
FY 2012	\$6,000	\$134,808	\$19,755	\$9,650	\$170,213
FY 2013	\$6,000	\$134,808	\$19,755	\$9,650	\$170,213
Total	\$18,000	\$404,424	\$59,265	\$28,950	\$510,639

Oversight received no other responses for this proposal. Oversight assumes the State Tax Commission and St. Louis County responses indicate the significance of the potential cost of this proposal and, accordingly, Oversight will indicate a cost in excess of \$100,000 for the General Revenue Fund and for local governments.

Section 139.100

Oversight assumes this proposal will result in a minimal reduction of interest paid to local taxing authorities. Oversight assumes only a minimal number of occurrences of this type; therefore, **Oversight** will indicate no impact.

Sections 140.150, 140.170, 140.190, 140.230, 140.250, 140.260, 140.290, 140.310, 140.340, 140.405 & 140.420

Officials from the **Department of Revenue** assume there would be no fiscal impact to their agency.

In response to a similar proposal from this session, HB 1420, the following responded:

Officials from the **State Tax Commission** assumed this proposal would have no fiscal impact on their agency.

Officials from **Buchanan County** assumed the proposal would result in additional cost to their organization of at least \$7,500 per year.

Officials from the **Office of the St. Louis County Collector of Revenue (office)** stated that implementing this proposal would result in additional costs to their organization. The office already mails tax sale property notices to owners and occupants. The proposal would require the office to send out certified mail for an estimated 5,000 delinquent tax bills. It would cost \$5.54

ASSUMPTION(continued)

per tax bill to mail bills certified with a return receipt. Based on an estimate that the office has between 2,800 and 5,000 bills with \$1,000 or more in valuations the cost would be significant. At 5,000 bills the charge would be \$27,700. The cost of the procedure would also include the labor to prepare the mailing at \$15 to \$20 per hour per person. With our staff of three people it would take about 138 hours at five minutes per bill for an estimated total of \$8,280 in labor costs.

The office assumed they could recoup some of the cost by imposing a fee, added to the publication fee, to every payment on tax sale properties. Between tax payments and the tax sale the office assumes it would recoup the costs on 3,950 properties or \$21,883. Revenue losses would be incurred on all unpaid and unsold properties in a given year. This year, the office failed to receive payment or sell 1051 properties at \$5,823.

Oversight did not receive any other responses to this proposal.

Oversight assumes this proposal would result in additional costs to local governments, since it would add a certified mail requirement and additional procedural steps to the tax sale process for properties with delinquent taxes. Although additional tax collections could be expected as a result of the enhanced notification process, most of the notification cost would ultimately be deducted from tax collections received from property sales, or would be absorbed by the county for properties that remain unsold.

For fiscal note purposes, **Oversight** will indicate a cost in excess of \$100,000 per year to local governments. Since this proposal would presumably become effective after the 2010 tax sale, the first local government impact would be in 2011 (FY 2012).

Section 144.030

Officials from the **Department of Natural Resources (DNR)** assume section 144.030.2(19) that all sales made by or to religious and charitable organizations and institutions in their religious, charitable or educational functions are exempt from sales and use tax. This provision would remove the exemption when such sales are made in a location containing more the 5000 square feet primarily devoted to sales. The change could result in an unknown amount of revenue to the Parks and Soils Sales Tax Funds.

ASSUMPTION(continued)

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DNR assumes section 144.030.2(20) that all sales made by or to not profit civic, social, service or fraternal organizations including fraternal organizations which have been declared tax exempt organizations are exempt from sales and use tax. This proposal removes the exemption when such sales are made in a location containing more the 5000 square feet primarily devoted to sales. The change could result in an unknown amount of revenue to the Parks and Soils Sales Tax Funds.

DNR assumes section 144.030.2(39) of this proposal would exempt all sales of utilities by a sports complex authority at the authority's cost that are consumed in connection s with the operation of a sports complex leased to a professional sports team. This proposed change could result in an unknown decrease of revenue to the Parks and Soils Sales Tax Funds.

Officials at the **Missouri Department of Conservation (MDC)** officials stated that this proposal could have a significant negative fiscal impact on MDC funds which could exceed \$100,000 annually. However, MDC is unable to provide an exact amount and will rely on DOR for the fiscal impact of this legislation.

Officials at the **Missouri Department of Transportation** defer to Department of Revenue for impact.

Officials at the **Department of Revenue** assume DOR will be required to revise exemption letters and notify the entities of the change, including a new exemption letter. This will create a mailing of approximately 26,000 at a cost of about \$0.505 per mailing (\$13,130).

Oversight will indicate an unknown negative fiscal impact for the state general revenue fund and for those other state funds which receive sales tax revenues, and for local governments.

Section 144.055

Officials from the **Department of Natural Resources (DNR)** state this proposal would exempt state and local sales and use tax on all commercial vehicles licensed with a gross weight over 10,100 pounds or more that are powered only be battery generated electrical energy if produced before January 1, 2014. This proposed change could result in an unknown decrease of revenue to the Parks and Soils Sales Tax Funds.

Officials at the **Missouri Department of Conservation (MDC)** officials stated that this proposal could have a significant negative fiscal impact on MDC funds which could exceed \$100,000

ASSUMPTION(continued)

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annually. However, MDC is unable to provide an exact amount and will rely on DOR for the fiscal impact of this legislation.

Officials at the **Missouri Department of Transportation** defer to Department of Revenue for impact.

Oversight will indicate an unknown negative fiscal impact for the state general revenue fund and for those other state funds which receive sales tax revenues, and for local governments.

Section 144.810

In response to identical legislation (SB 868, 4740-01), the following responded:

Officials from the **Budget and Planning (BAP)** assumed there would not be any additional costs or savings to their organization as a result of this proposal. The proposal would provide a sales tax exemption for certain inputs of production used by expanding data storage centers, to the extent the amount of new inputs exceed current input levels. BAP officials stated that qualified data center projects would have minimum new investment requirements. An expanding facility would be required to make a \$1 million investment within 12 months and a new facility would be required to make a \$5 million investment over 36 months.

BAP officials assume this proposal would not impact current general and total state revenues, but could slow future growth. This program could encourage other economic activity, but BAP does not have data to estimate the induced revenues. The Department of Economic Development may have such an estimate. BAP officials stated that DED officials reported 377 firms in the qualifying industrial classification codes in the autumn of 2009.

Officials from the **Department of Conservation (MDC)** assumed this proposal would authorize an state and local sales and use tax exemption for data storage center and server farm facilities.

MDC officials stated that this proposal could have a significant negative fiscal impact on MDC funds which could exceed \$100,000 annually. However, MDC is unable to provide an exact amount and will rely on DOR for the fiscal impact of this legislation.

Officials from the **Department of Economic Development (DED)** assumed this proposal would create tax exemptions for data storage centers and server farm facilities. The data storage centers and server farm facilities that seek a tax exemption would be required to submit a project plan to the DED, and DED would be responsible for certifying the projects in conjunction with the

ASSUMPTION(continued)

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Department of Revenue (DOR). The proposed legislation would also require random audits to ensure compliance with the intent the data storage centers and server farm facilities indicated in their project plan.

The Division of Business and Community Services anticipates the need for one additional FTE Economic Development Incentive Specialist III to ensure compliance and perform the auditing functions required by the proposed legislation. This employee would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and for conducting random audits to ensure compliance with the program. The costs indicated for the additional employee include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel.

DED submitted a cost estimate for the proposal including salaries, benefits, equipment, and expense totaling \$63,561 for FY 2011, \$71,571 for FY 2012, and \$73,903 for FY 2013.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DED could absorb the additional workload with existing resources. If this proposal created an unanticipated increase in the DED workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

Officials from the **Department of Elementary and Secondary Education** assumed this proposal would not impact their organization or local schools, other than any resulting impact from the reduction of state revenues.

Officials from the **Department of Natural Resources (DNR)** state this proposal would provide state and local sales and use tax exemptions for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services used in new data storage centers and server farm facilities. It would also provide a state and local sales and use tax exemption for purchases of tangible personal property for the construction, repair, or remodeling of a new data storage center or server farm facility. In order to receive the sales tax exemption provided for new data storage centers and server farm facilities, an application must be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least \$5M of new facility investment over a three year period.

ASSUMPTION(continued)

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The proposal would also create a state and local sales and use tax exemption for existing data storage centers and server farm facilities for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services. The exemption would only apply to the increase in expenditures for utilities over the previous year's expenditures. The exemptions for tangible property would be available only on the increase in expenditures over the average of the previous three years expenditures. In order to receive the sales tax exemption provided for existing data storage centers and server farm facilities, an application would have to be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least \$1M of new facility investment over a one year period.

The Departments of Economic Development and Revenue would be authorized to conduct random audits to ensure compliance with the requirements for state and local sales and use tax exemptions authorized under this proposal.

Adding additional sales tax exemptions would decrease the amount of funding available in the Parks & Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales tax exemption would be an unknown loss to the Parks and Soils Sales Tax Funds.

Officials from the **Department of Revenue (DOR)** assume this proposal would create additional exemptions from sales taxes beginning August 28, 2010.

The exemption would apply to all electrical energy, gas, water and other utilities including telecommunication services used in a new data storage center or server farm, all machinery, equipment and computers used in any new data storage center or server farm facility, and all sales at retail of tangible personal property and materials for constructing, repairing, or remodeling any new data storage center or server farm facility. An expanding data storage center or server farm facilities could also be exempt from sales and use tax with the same criteria as with a new data storage center or server farm facility.

ASSUMPTION(continued)

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Entities would be required to submit a plan to the Department of Economic Development (DED) to determine eligibility. DED would certify the project to DOR, and DOR would issue an exemption certificate to the taxpayer.

DED would create rules to carry out the provisions of this legislation, and would conduct random audits.

DOR Collections and Tax Assistance would anticipate additional contacts due to this exemption, and estimated that one FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 24,000 contacts annually to the registration section, and one FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 4,800 contacts annually to the tax assistance offices.

DOR Sales Tax would anticipate that these exemptions would be processed as refunds, and one FTE Revenue Processing Technician I (Range 10, Step L) would be required for completion of amended returns and processing refunds.

In summary, DOR officials submitted an estimate of the cost to implement this proposal including three additional employees with benefits, expense, and equipment totaling \$118,594 for FY 2011, \$126,244 for FY 2012, and \$130,032 for FY 2013.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal created a significant unanticipated increase in the DOR workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

The Department and OA-ITSD (DOR) would also make programming changes to the sales tax processing system (MITS). DOR did not provide an estimate of IT costs for the programming changes.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION(continued)

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Officials from **Cass County** assumed the potential fiscal impact of a similar proposal (HB 1513, LR 4131-01) is unknown; county officials assume there could be a positive impact in terms of possible job creation.

Officials from the **City of Centralia** assumed this proposal would have no fiscal impact on their organization.

Oversight notes that this proposal would require a minimum \$5 million investment in a new facility within thirty-six months, or a minimum \$1 million investment in an expanding facility within twelve months. The proposed project would require approval by the Department of Economic Development (DED) which would conditionally certify the project to the Department of Revenue (DOR). Upon completion of the project, DED would certify the project eligibility to DOR, and DOR would refund the sales tax paid on the project.

If the proposal became effective August 28, 2010, construction would likely begin late in FY 2011 and would likely not be completed until late in FY 2012. Refunds would not likely be certified and paid to project owners until FY 2013.

Oversight is not aware of any existing or planned projects which would qualify for the program, but if one new facility project was completed in time for a refund to be paid in FY 2013, the sales tax amounts could be computed as follows. For fiscal note purposes, Oversight assumes the entire \$5 million investment would qualify for the exemption.

Entity	Sales Tax Rate	Sales Tax
General Revenue Fund	3%	\$150,000
Conservation Commission Fund	1/8%	\$6,250
School District Trust Fund	1%	\$50,000
Parks, and Soil and Water Funds	1/10%	\$5,000
Local Governments	Average 2.5%	\$125,000

For fiscal note purposes only, **Oversight** will indicate a revenue reduction in excess of \$100,000 for FY 2013 for the General Revenue Fund and local governments, and a revenue reduction less than \$100,000 for other state funds which receive sales tax revenues.

ASSUMPTION(continued)

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Section 182.647

Officials from **Cass County** assume that there is no fiscal impact from this proposal.

No other County responded to **Oversight's** request for fiscal impact. **Oversight** assumes that since this proposal changes the due date of filing the required report that there is no fiscal impact from the proposal.

Sections 184.500, 184.503, 184.506, 184.509 & 184.512

In response to a similar proposal from this session (HB 2297), the following responded:

Officials from the **State Tax Commission** assumed there would be no fiscal impact to their agency.

Officials from the **City of Kansas City** stated this proposal would have a positive fiscal impact on the City of an indeterminate amount.

Officials from **Cass County** assumed this is enabling legislation and does not force the County to participate. This legislation would have no fiscal impact on the county general revenue.

Officials from the **Department of Revenue (DOR)** state the Department will need to establish a new district type and corresponding code in their system.

DOR officials state the department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441.

The value of the level of effort is calculated on 168 FTE hours to make programming changes to the sales tax processing system (MITS).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION(continued)

Oversight assumes this proposal authorizes the establishment of the Kansas City Zoological District which may be composed of Jackson, Clay, Platte, and Cass Counties at the option of the voters of each such county. Should voters approve the imposition of a sales tax, the county could expect revenue to be generated for financial support of the Kansas City Zoological District. Oversight assumes the Department of Revenue would collect the sales tax and retain 1% collection fee which would be deposited in the State's General Revenue Fund.

Oversight assumes the Kansas City Zoological District Sales Tax Trust Fund balance would be either a positive unknown or zero.

Oversight assumes this proposal as written is enabling legislation and would require action by the county's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.

Section 204.300

In response to identical legislation filed this year (HB 1612, 4316-01), officials from the **Department of Economic Development, Public Service Commission, Office of Public Council** and the **Little Blue Valley Sewer District** assumed this proposal will have no fiscal impact on their agencies.

Oversight assumes there will be no fiscal impact to state or local governments by increasing the sewer district boards from 8 members to 10 members.

Section 249.425

Officials at the **Department of Elementary and Secondary Education** and the **Department of Economic Development** assume that there is no fiscal impact from this proposal.

The Metropolitan St. Louis Sewer District and the City of St. Louis did not respond to **Oversight's** request for fiscal impact. Oversight assumes the language is permissive and there would be no impact on the district without the district taking action.

Section 260.205

Officials from the **Department of Health & Senior Services** assume there will be no fiscal impact to their agency.

Officials from the **Department of Natural Resources (DNR)** assume that the necessary rulemaking process could be accomplished without additional resources.

ASSUMPTION(continued)

KG:LR:OD

Section 260.247

In response to identical legislation filed this year (HB 2472, 5507-01), the following responded:

Officials from the **Department of Natural Resources** and **Parkway School District** assumed the proposal would have no fiscal impact on their agencies.

Officials from the **City of Kansas City** assumed this proposal would have a negative impact on the city. Kansas City will lose an estimated minimum \$23.6 million over five years if this bill passes. The losses would be as follows:

- Lost Revenue of Recyclables: \$14.5 million
- Lost Composting Savings: \$ 1.3 million
- Lost Collection Efficiency: \$ 1.3 million
- Increased Landfill Disposal Cost \$ 6 .5 million

Officials from the **Public Water Supply District #2 of St. Charles County** stated they have no comment in regards to this proposal.

Oversight assumes no city or political subdivision may begin ownership or operation of a solid waste reprocessing facility where solid waste processing is currently handled by a private entity until at least five years from notifying the private entity of its intent to begin operation. Should the city or political subdivision notify the private entity of its intent to begin operation, the fiscal impact would be beyond the scope of the fiscal note; therefore, Oversight will reflect no state or local fiscal impact.

Section 301.4010

In response to identical legislation filed this year (HB 1585, 4320-01), the following responded:

Officials from the **Department of Corrections - Missouri Vocational Enterprises** stated this proposal would have no fiscal impact on their agency.

The **Department of Revenue (DOR)** response to proposals similar to, or identical to, this one in previous sessions indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff, and the limitations within the DOR motor vehicle legacy systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the fiscal impact of this proposal is estimated as follows:

ASSUMPTION(continued)

ADMINISTRATIVE IMPACT

Motor Vehicle Bureau:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.
- The Application for Missouri Personalized and Specialty License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Set-up cost:

DOR is charged \$279 for the initial set-up of a new specialty plate for passenger, truck, and RV as well as an additional charge of \$92 each to include disabled and motorcycle plates, for a total of \$463 for the initial set-up. This is a one-time fee that will be charged upon passage of this proposed legislation in FY 11.

Plate manufacturing cost:

According to the National Wild Turkey Federation, there are approximately 12,000 adult members in Missouri that would be eligible for this plate.

- Currently, it costs DOR \$4.75 per plate, \$9.50 per set of plates, for manufacturing flat plates through Missouri Vocational Enterprises.
- DOR assumes that of the 12,000 eligible applicants, 3% (360) will wish to obtain the plate in FY 11 at a cost to DOR of \$3,420 in FY 11.
- As knowledge and public awareness of the availability of this plate increases it is assumed that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 12 at a cost of \$5,529.
- If 7% (774) of the remaining 11,058 members apply for these plates in FY 13 it will result in a cost to DOR of \$7,353 in FY 13.

Total cost for plate set-up and manufacturing:

FY 11	FY 12	FY 13
\$3,883	\$5,529	\$7,353

ASSUMPTION (continued)

Information Technology - OA-ITSD (DOR):

System Modifications: The Title and Registration Intranet Processing System (TRIPS) plate table would need to be updated to reflect the National Wild Turkey Federation specialty plate.

This modification to the systems requires minimal programming and will be absorbed by existing staff.

REVENUE IMPACT

DOR provided the following assumptions regarding anticipated revenue attributed to this specialty plate:

- If 3% (360) of those eligible applicants wish to obtain this plate in FY 11 there will be an increase in revenue of \$4,500 (figured for 10 months) from the \$15 specialty plate fee.
- As knowledge and public awareness of the availability of this plate increases DOR assumes that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 12 resulting in an increase in revenue of \$8,730.
- If 7% (774) of the remaining 11,058 members apply in FY 13 there will be an increase of \$11,610 in FY 13 from the \$15 specialty plate fee.
- This increase will be distributed as follows:

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>
75% Highway Fund	\$3,375	\$6,547	\$8,708
15% Cities	\$ 675	\$1,310	\$1,741
10% Counties	\$ 450	\$ 873	\$1,161

Oversight assumes that before this specialty plate is produced and DOR would incur the associated costs, there must be at least 200 applicants committed to purchase the plate. It is unknown if there will be the required number of applicants during the scope of this fiscal note. For fiscal note purposes only, **Oversight** will estimate revenue as: \$0 or Less than \$100,000. **Oversight** will also estimate cost to General Revenue as: \$0 or (Less than \$100,000).

Oversight notes that a similar type of organization with nearly twice as many members eligible for a specialty plate has less than 200 plates ten years after the authorizing statute was passed.

ASSUMPTION (continued)

KG:LR:OD

Sections 301.4015, 301.4016, 301.4017, 301.4019, 301.4021, 301.4023, 301.4025, 301.4027 & 301.4029

Officials at the **Department of Revenue (DOR)** assume the following administrative costs for the Motor Vehicle Bureau:

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.

DOR's web site will need to be updated to include the new requirements. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

Total cost for FTE in FY 11: \$1,023

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials at the **Department of Natural Resources (DNR)** state beginning January 1, 2011, each nonresident owner of an off-highway vehicle not licensed for highway use annually apply for and purchase a Missouri off-highway vehicle user permit free from the Department of Natural Resources. The cost of the permit would be \$20.00 with deposited to the State Treasurer's Office to the credit of the Off-Highway Vehicle Public Lands Fund as created in this proposal.

The proposal also allows for a replacement fee for a permit costing \$8 each to be charged which would be deposited into the Off Highway Vehicle Public Lands Fund.

The proposal would require that the permit be made available on the department's web page and sold by the department at the point of entry to parks containing trails and areas designated for off-highway vehicle use.

The department's Division of State Parks (DSP) currently issues day passes at the state parks that would be designated as open to use by off-highway vehicles. Annual permits would be issued in the same manner, therefore would not require additional significant resources.

DSP also manages an online campground reservation system which can be modified with minimal cost to allow online permitting as required in this legislation

ASSUMPTION (continued)

For the purposes of this fiscal note, Missouri estimates a total 5000 day use passes at two Missouri state parks to non residents using Missouri off highway vehicle public lands and the two U.S. Forest Service areas that have off highway vehicle trail subject to the proposed legislation.

Estimated annual revenue received for the annual issuance of permits equals \$100,000.

DSP is unable to estimate the amount of revenue received as a result of replacement permits, and gifts, bequests, donations, transfers, bequests and other sources of revenue to the fund.

This proposal requires 35% of the funds to be spent on informational and educational programs relating to safety, the environment, and responsible use with respect to off-highway vehicle registration.

This proposal requires 65% of the funds to be spent on the costs associated with the construction, maintenance, renovation or repair of off-highway vehicle routes and trails, and the designation management, and acquisition of land for access roads, off highway vehicle recreation facilities, and off highway vehicle use areas.

Also, the 65% is to be used for enforcement of off-highway vehicle laws, off-highway vehicle related informational and environmental programs, information signage, maps, and responsible use programs, mitigation of damages to land, revegetation, and the prevention and restoration of damages to natural and cultural resources, and environmental, historical and cultural clearance or compliance activities.

For the purposes of the fiscal note the DSP assumes that the fund can only be used as stated and assumes 100% of the Off Highway Vehicle Public Lands Fund would be utilized each year as required.

DSP would request .15 FTE Planner III to administer the fund required by this legislation.

Legislation states the permit fees will begin January 1, 2011.

Oversight assumes that the Department of Natural Resources can absorb the duties of this proposal with existing staff.

ASSUMPTION (continued)

KG:LR:OD

In response to identical legislation filed this year (HB 2042, 4699-05), the following responded:

Officials at the **Cass County, City of Centralia** and the **Missouri Department of Conservation** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri Highway Patrol** assume they will not be involved in providing informational and educational programs and therefore, they will have no fiscal impact.

No other city of county responded to **Oversight's** request for fiscal impact.

Oversight assumes an effective date of January 1, 2011.

Oversight has shown in the fiscal note that all moneys received in the Off-Highway Vehicle Public Lands Fund will be spent each year for the purposes designated in the legislation.

Oversight has shown in the fiscal note that 100 replacement permits would be issued each year.

Section 302.341

In response to similar legislation filed this year (SB 781, 4466-05), officials at the **Department of Revenue** state this section, as written, would require DOR to suspend licenses for non-moving traffic offenses for failure to appear to pay for a traffic ticket. This will require a total of eight additional FTE to process the failure to appear suspensions, compliance, faxes and phone call.

Section 320.097

In response to identical legislation filed this year (SB 739, 4274-01), the following responded:

Officials from the **Kansas City** assumed the proposal would not fiscally impact their city.

Officials from the **City of St. Louis** stated this bill proposes changes in the residency requirements for Fire Department Employees who reside in an unaccredited or provisionally accredited school district. St. Louis Public Schools, with boundaries contiguous with those of the City of St. Louis, is an unaccredited school district. Officials believe that the fiscal impact of this bill is negative for the City of St. Louis.

Oversight assumes there would be no fiscal impact to state and local governments.

ASSUMPTION (continued)

Section 321.017

In response to identical legislation filed this year (HB 1371, 3622-01), officials from the **Creve Coeur Fire Protection District** assumed the proposal would not fiscally impact them.

Oversight assumes there would be no fiscal impact to state and local governments.

Section 429.015

In response to a similar proposal from this year (SB 867, 4149-02), officials from the **Boone County Sheriff's Department** assume the proposal will have no fiscal impact.

No other officials from County Recorders, Circuit Clerks, or Sheriff's Departments responded to **Oversight's** request for a statement of fiscal impact.

Section 447.535 & 447.548

Officials from the **Office of State Treasurer (STO)** state each year the STO "dumps" a percentage of abandoned property into the General Revenue Fund using a specific formula. With this proposal, businesses would keep business-to-business unclaimed property rather than turn it over to the state. As a result, unclaimed property reported to the state by businesses would be reduced and the amount of money the STO would dump into the General Revenue Fund will decrease. The STO estimates a reduction in business-to-business unclaimed property and statute of limitation being dumped into GR of \$10,271,670 each year beginning with FY 12.

Section 473.739 & 473.742

In response to a similar proposal from this session (SB 808, 4021-02), officials from the **City of St. Louis** assumed there would be no fiscal impact to their City.

Oversight assumes this proposal is permissive and allows public administrators from a second, third, or fourth classification county or St. Louis City, who choose to receive an annual salary shall receive \$2,000 of such salary only if he or she has completed 20 hours of instruction. Therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

Section 537.620

Officials from **Office of Administration - Division of General Services/Risk Management, City of Centralia, Francis Howell School District, Parkway School District, East Central College, Metropolitan Community College, Missouri State University, Missouri Southern State University, Missouri Western State University, University of Central Missouri, County Employees' Retirement System and University of Missouri** assume the proposal will have no fiscal impact on their organizations.

No other officials from Schools, Community Colleges/Universities, Cities, or Counties responded to **Oversight's** request for a statement of fiscal impact.

ASSUMPTION (continued)

Section 2 Land Conveyance in St. Francois County

Oversight assumes this conveyance will be handled just like all state conveyances and will not have an effect on the state.

Sections 1.201, 50.830, 50.1020, 58.030, 67.1461, 92.013, 137.243, 169.324, 221.105, 226.720, 246.310, 249.669, 319.030, 321.130, 349.045, 393.320, 429.110, 431.210, 516.098 and Section 1

Oversight assumes that there is no fiscal impact from these sections.

Bill as a Whole

Officials at the **Administrative Hearing Commission, Department of Corrections, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Public Safety's Director's Office and the Division of Fire Safety, Missouri Senate, Governor's Office, Office of the State Auditor, Office of the State Courts Administrator, MoDot & Patrol Employees' Retirement System** and **St. Louis County** assume that there is no fiscal impact to their agencies from any provision of this bill.

Officials at the **Department of Elementary and Secondary Education** assume various sections throughout this proposal will likely result in the generation of fines or penalties. DESE makes the following assumptions:

To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

FISCAL IMPACT - State Government FY 2011 FY 2012 FY 2013
 (10 Mo.)

GENERAL REVENUE FUND

Costs - DED (Sections 135.950-135.969)

Personal Service (1FTE)	\$0 or (\$35,803)	\$0 or (\$44,252)	\$0 or (\$45,580)
Fringe Benefits	\$0 or (\$18,775)	\$0 or (\$23,206)	\$0 or (\$23,902)
Expense and Equipment	<u>\$0 or (\$8,983)</u>	<u>\$0 or (\$4,293)</u>	<u>\$0 or (\$4,421)</u>
Total <u>Costs</u> - DED	<u>\$0 or (\$63,561)</u>	<u>\$0 or (\$71,751)</u>	<u>\$0 or (\$73,903)</u>
FTE Change - DED	0 or 1 FTE	0 or 1FTE	0 or 1 FTE

Costs - DOR - (Section 302.341)

Personal Services	(\$174,276)	(\$215,405)	(\$221,867)
Fringe Benefits	(\$91,390)	(\$112,958)	(\$116,347)
Equipment and Expense	<u>(\$79,839)</u>	<u>(\$10,975)</u>	<u>(\$11,305)</u>
Total <u>Costs</u> - DOR	<u>(\$345,505)</u>	<u>(\$339,338)</u>	<u>(\$349,519)</u>
FTE Change - DOR	8 FTE	8 FTE	8 FTE

Costs - State Tax Commission

Software and/or Consulting costs (Sections 137.180 & 137.355)	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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Costs- DOR

Mailing (Section 144.030)	(\$13,130)	\$0	\$0
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Costs - DOR

Processing costs for specialty plates (Section 301.4010)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
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Revenue reduction

Sales tax exemption (Sections 144.030 & 144.055)	(Unknown)	(Unknown)	(Unknown)
Sales tax exemption (Section 144.810)	\$0	\$0	(More than \$100,000)

FISCAL IMPACT - State Government FY 2011 FY 2012 FY 2013
 (10 Mo.)

**GENERAL REVENUE FUND
 (continued)**

Loss- State Treasurer

Reduction in transfer of unclaimed property (Sections 447.535 & 447.548)	\$0	(\$10,271,670)	(\$10,271,670)
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>(Unknown exceeding \$458,635)</u>	<u>(Unknown exceeding \$10,711,008)</u>	<u>(Unknown exceeding \$10,821,189)</u>
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Estimated Net FTE Change on General Revenue Fund	8 or 9 FTE	8 or 9 FTE	8 or 9 FTE
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SCHOOL DISTRICT TRUST FUND

Revenue reduction

Sales tax exemption (Section 144.810)	\$0	\$0	(Less than \$100,000)
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Sales tax exemption (Sections 144.030 & 144.055)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICT TRUST FUND**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**CONSERVATION COMMISSION
 FUND**

Revenue reduction

Sales tax exemption (Section 144.810)	\$0	\$0	(Less than \$100,000)
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Sales tax exemption (Sections 144.030 & 144.055)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 CONSERVATION COMMISSION
 FUND**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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PARKS, AND SOIL AND WATER FUNDS

Revenue reduction

Sales tax exemption (Section 144.810)	\$0	\$0	(Less than \$100,000)
Sales tax exemption (Sections 144.030 & 144.055)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS

(Unknown) (Unknown) (Unknown)

HIGHWAY FUND

Income - DOR

Specialty plate fees(Section 301.4010)	<u>\$0 or Less than \$100,000</u>	<u>\$0 or Less than \$100,000</u>	<u>\$0 or Less than \$100,000</u>
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ESTIMATED NET EFFECT ON HIGHWAY FUND

\$0 or Less than \$100,000 \$0 or Less than \$100,000 \$0 or Less than \$100,000

OFF-HIGHWAY VEHICLE PUBLIC LANDS FUND

(Sections 301.4015 - 301.4029)

Income - DOR

Annual permit fee	\$50,000	\$100,000	\$100,000
Replacement fee	\$400	\$800	\$800
Total <u>Income</u> - DOR	<u>\$50,400</u>	<u>\$100,800</u>	<u>\$100,800</u>

Costs - DNR

Program expenditures	<u>(\$50,400)</u>	<u>(\$100,800)</u>	<u>(\$100,800)</u>
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ESTIMATED NET EFFECT ON OFF-HIGHWAY VEHICLE PUBLIC LANDS FUND

<u>FISCAL IMPACT - Local Government</u>	<u>\$0</u> FY 2011 (10 Mo.)	<u>\$0</u> FY 2012	<u>\$0</u> FY 2013
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LOCAL GOVERNMENT FUNDS

Savings - St. Charles County

Eliminating fixed asset tracking of small dollar items (Section 55.030)	\$15,000	\$18,000	\$18,000
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Income - County Recorders

Increase in fees (Section 60.650)	Unknown	Unknown	Unknown
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Income - Exhibition Center and Recreation Facility District

Voter approved sales tax (Section 67.2000)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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Income - Cities and Counties

Specialty plate fees (Section 301.4010)	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
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Income - Counties

Record copies (Section 59.003)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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Loss - Third Class Cities

Decrease in billable water usage fees to specific properties (Section 88.832)	(Unknown)	(Unknown)	(Unknown)
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Revenue reduction

Sales tax exemption (Section 144.810)	\$0	\$0	(Less than \$100,000)
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Sales tax exemption (Sections 144.030 & 144.055)	(Unknown)	(Unknown)	(Unknown)
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Costs - Cities and Counties

Bidding procedures (Section 67.314)	(Unknown)	(Unknown)	(Unknown)
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Costs - Exhibition Recreation Facility District

Operation, maintenance, election, etc. (Section 67.2000)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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FISCAL IMPACT - Local Government

	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**LOCAL GOVERNMENT FUNDS
 (continued)**

Cost - County Assessors

Notice production and mailing(Sections 137.180 & 137.355)	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
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Costs - Cities and Counties

Mailing notices	\$0	(Unknown)	(Unknown)
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Cost - Counties

Notice of Tax Sale(Sections 140.150 - 140.420)	\$0	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
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**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS FUNDS**

<u>(Unknown exceeding \$85,000)</u>	<u>(Unknown exceeding \$182,000)</u>	<u>(Unknown exceeding \$182,000)</u>
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FISCAL IMPACT - Small Business

Section 60.650 - This could have an impact on businesses involved with land surveying.

Section 67.314 - Small businesses could be affected if they are unable to provide performance or payment bond insurance and thus unqualified to bid.

Section 67.2000 - Small businesses within any newly created district may have to collect and remit additional sales taxes to the Department of Revenue.

Sections 135.950 - 135.969 - Small businesses that qualify for this new program may be fiscally impacted by this proposal.

Section 260.205 - The department would be unable to approve permits for material recovery facilities that process solid wastes other than source-separated or solid wastes from single-stream residential, commercial, or industrial recycling programs during the 18 – 24 month period after the effective date of the proposed 260.205.23. This would prevent any business, including any small businesses, from obtaining permits and opening this specific type of material recovery processing facility during the period the department’s permitting authority has been removed.

Section 447.535 & 447.548 - This proposal could positively impact small businesses that no longer have to turn over unclaimed business-to-business property to the state.

FISCAL DESCRIPTION

Section 55.030

This act requires the auditor of any county with a charter form of government to annually take an inventory of county property with an original value of \$1,000 or more, rather than \$250

Section 59.003

This act requires a request for records filed or recorded by the recorder of deeds dated after December 31, 1969, to be made to the office in which the record was originally filed.

Section 60.650

Currently, only land surveys evidencing the establishment, restoration, or re-establishment of one or more corners that create a new parcel of land are required to be filed with the recorder of deeds of the county in which the survey is located. This bill removes the condition that the survey creates a new parcel and requires all surveys evidencing the establishment, restoration, or re-establishment of a corner to be filed.

Section 67.314

This act creates the "Political Subdivision Construction Bidding Standards Act". Except for certain violations, this act does not apply to political subdivisions that have specific state or local competitive bidding requirements that are equivalent or stricter than the ones contained in this act. If a political subdivision is not covered by a specific federal, state, or local law that is equivalent or stricter in its requirements, it shall comply with the advertising and bidding requirements outlined in this act when soliciting bids and awarding contracts of \$6,000 or more.

Contract for construction shall be advertised in advance of the acceptance of bids for a minimum of two days in an area newspaper, with the first ad appearing at least 30 days in advance of the stated deadline for acceptance of bids. For contracts for over \$100,000, bids shall also be advertised by providing information to at least one organization which regularly provides information to construction contractors. Ads and solicitations must include the project name, submission deadline, and the time, date, and location of where the bids shall be received and opened.

Unless otherwise specified by law, a contract shall be awarded to the lowest and best bidder. However, the political subdivision may reject the low bidder based on the bidder's failure to provide a performance or payment bond, nonperformance on previous contracts, or other reasons specified as to the bidder's inability to adequately perform the contract.

Under no circumstances shall construction contracts for any political subdivision be awarded in violation of certain requirements, including opening bids in advance of the advertising deadline, accepting bids that are unwritten, accepting bids after the advertised deadline, and failing to hold bids confidential.

FISCAL DESCRIPTION(continued)

A person submitting a bid, or who would have submitted a bid except for violations, may seek equitable relief and monetary damages for monetary losses.

Electronic bidding shall be allowed if it meets the standards of confidentiality. Nothing in this section shall require acceptance of a bid which exceeds the amount estimated by the political subdivision for the contract. Also, political subdivisions may award contracts without competitive bidding when there is an immediate public danger, to prevent loss to property, or to prevent or restore essential public services. Under such circumstances, the political subdivision must produce a written public record documenting the need to contract without competitive bidding.

Section 67.2000

This section allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts. If such a district is created, it may seek voter approval for the imposition of a one-quarter of one percent sales tax, for a period not to exceed twenty-five years, to fund the district.

Section 88.832

This bill prohibits third class cities from imposing stormwater usage fees based on the runoff rate on property owned by any church, public school, nonprofit organization, or political subdivision.

Sections 135.950 - 135.969

This substitute changes the laws regarding enhanced enterprise zones. In its main provisions, the substitute:

(1) Authorizes an annual tax credit for up to 10 years if a proved by the Department of Economic Development to a taxpayer who establishes a new business facility in a certified industrial zone approved or designated as an enhanced enterprise zone. A taxpayer who receives this tax credit cannot also receive tax credits from enterprise zones, relocating a business to a distressed community, or Missouri Quality Jobs programs. To receive the tax credit, a taxpayer must employ at least two new individuals at the new business facility, have a total aggregate new business facility investment of at least \$10 million, or invest at least \$1 million during the taxable year in which the credit is claimed. The tax credit will be equal to 10% of the gross wages of each new employee at the facility and 5% of the investment made in the new business facility within an enhanced enterprise zone. The maximum annual amount of tax credits is \$24million;

(2) Allows a taxpayer to receive the tax credit for an existing facility which expands if he or she invests at least \$100,000 and hires at least two additional employees during the tax year in which the credits are claimed. The substitute explains the manner in which the taxpayer's investment in the original facility prior to expansion must be determined; (3) Requires \$10

FISCAL DESCRIPTION(continued)

million of the \$24 million annually authorized for enhanced business enterprises to be issued for enterprises located in certified industrial zones. The credits must be claimed for the taxable year in which commencement of commercial operations occurs at the new business facility and for each of the following nine years in which the credit is issued. The credits are refundable and transferable but cannot be carried forward;

(4) Requires the department, prior to the issuance of any tax credits, to verify that the applicant does not owe any delinquent taxes, penalties, fees, assessments, or insurance taxes.

Taxpayers who are delinquent between June 15 and July 1 will be given 30 days to satisfy the delinquency. Available credits will be applied to delinquencies and any remaining credits will be issued to the applicant;

(5) Defines "certified industrial zone" as an area of real property that encompasses at least 100 acres which has been approved by the department as a certified site; has been found by ordinance of the governing body to be blighted; and is located in a census tract which has a poverty rate at least 20% or for which the median income is less than 80% of the statewide median income or is less than 80% of the metropolitan median income for the metropolitan statistical area in which the zone is located, whichever is greater; and

(6) Specifies that "enhanced business enterprise" includes a business enterprise located within a certified industrial zone that engages in data processing, hosting, and related services and Internet publishing, broadcasting, and web search portals as it relates to the tax credit.

Sections 137.180 & 137.355

The proposed legislation would change the required notice assessors must provide to property owners, when the assessed valuation is increased.

Sections 140.150 - 140.420

The proposed legislation would change the laws regarding the sale of real property for the collection of delinquent taxes.

Section 144.030 and 144.055

The proposed legislation would create state and local sales and use tax exemptions.

Section 144.810

The proposed legislation would create state and local sales and use tax exemptions for data storage centers and server farm facilities.

FISCAL DESCRIPTION(continued)

Section 301.4010

This bill allows for a special license plate for members of the National Wild Turkey Federation.

To obtain the plate, a person must submit an application to the Director of the Department of Revenue accompanied by an emblem-use authorization statement along with an additional \$15 fee. Any person who was previously issued a federation plate and who does not provide an emblem-use authorization statement at a subsequent time of registration will be issued a new plate which does not bear the federation's emblem.

Sections 301.4015 - 301.4029

This bill changes the law regarding off-highway vehicles. In its main provisions, the bill:

- (1) Requires a person when applying for an original certificate of ownership for an off-highway vehicle to submit an affidavit explaining how the vehicle was acquired and a photocopy of the bill of sale establishing ownership of the vehicle;
- (2) Requires a nonresident to annually obtain and display a permit from the Department of Revenue to operate an off-highway vehicle on Missouri's off-highway vehicle public lands, Corps of Engineers lands, or private for-profit off-highway vehicle parks or trail systems in Missouri beginning January 1, 2011, or to display a valid highway license on the vehicle. The cost of the permit will be \$20.00;
- (3) Requires the department to issue a numbered decal to be prominently displayed on the right front fork, frame, or fender of the off-highway vehicle;
- (4) Allows decals to be replaced by filing an affidavit explaining the need for replacement and submitting an \$8 replacement fee;
- (5) Specifies that all permits will expire on December 31 of the registration year;
- (6) Exempts off-highway vehicles owned and operated by the United States, another state, or any other political subdivision; vehicles participating in officially sanctioned race events; and licensed or unlicensed motorcycles from the permit requirements; and
- (7) Creates the Off-highway Vehicle Public Lands Fund to be administered by the Department of Natural Resources for the deposit of all off-highway vehicle public lands user fees and \$3 of the replacement fee as well as gifts, donations, bequests, or appropriated funds. Thirty-five percent of the moneys in the fund must be spent for informational and educational programs relating to safety, the environment, and the responsible use of off-highway vehicle recreation. The remaining 65% must be used for the designation, construction, maintenance, renovation, and repair of off-highway routes and trails; designation, management, and acquisition of land for

FISCAL DESCRIPTION(continued)

access roads and off-highway recreation facilities and use areas; enforcement of off-highway vehicle laws; off-highway vehicle-related informational and environmental programs, information, signage, maps, and responsible use programs; mitigation of damages to land, re-vegetation, and the prevention and restoration of damages to natural and cultural resources; and environmental, historical, and cultural clearance or compliance activities. Moneys in the fund cannot be used to construct new off-highway vehicle trails on environmentally or culturally sensitive land unless the appropriate land management agency determines that the new construction would benefit or protect cultural or sensitive sites.

Anyone violating the provisions of the bill will be guilty of an infraction.

Section 302.341

For purposes of this section, the term "traffic violations" shall include moving and nonmoving violations and any moving violations, as that term is defined in section 302.010, that are subsequently pled or amended to nonmoving traffic violations.

Section 447.535 & 447.548

This proposal exempts intangible property due or owed by a business association to or for the benefit of another business association resulting from the normal and ordinary course of business from the provisions relating to unclaimed property and the Uniform Disposition of Unclaimed Property Act.

The State Treasurer must not enforce the provisions of Chapter 447, RSMo, relating to lost and unclaimed property more than three years after the holder of property filed a report or gave express notice of a dispute. If a report is filed fraudulently with the intent to evade escheatment of property, the State Treasurer can enforce these provisions within six years after the report was filed. If no report is filed, the State Treasurer may enforce these provisions at any time.

Section 2

This bill authorizes the Governor to convey certain property located in St. Francois county to the City of Farmington.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Administrative Hearing Commission
Boone County
Boone County Sheriff Department
Branson Public Schools
Cass County
Central County Fire and Rescue
City of Byrnes Mill
City of Centralia
City of Jefferson City
City of Joplin
City of Kansas City
City of North Kansas City
City of St. Louis
City of West Plains
City of Waynesville
Clinton County
Columbia Police Department
County Employees' Retirement System
Creve Coeur Fire District
DeKalb County
Department of Corrections
 Missouri Vocational Enterprises
Department of Economic Development
 Public Service Commission
 Office of the Public Counsel
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Public Registration
Department of Labor and Industrial Relations
Department of Natural Resources
Department of Public Safety
 Fire Safety
Department of Revenue
Department of Social Services
East Central College
Francis Howell School District
Greene County Recorder of Deeds
Jackson County

SOURCES OF INFORMATION(continued)

KG:LR:OD

Jackson County Recorder of Deeds
Joint Committee on Public Employee Retirement
Kansas City Board of Election Commission
Kansas City Port Authority
Linn State Technical College
Little Blue Valley Sewer District
Local Government Employees' Retirement System
Metropolitan Community College
Metropolitan St. Louis Sewer District
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Ethics Commission
Missouri Highway Patrol
Missouri Senate
Missouri Southern State University
Missouri State Employees' Retirement System
Missouri State University
Missouri Western State University
Missouri State Tax Commission
MoDOT & Patrol Employees Retirement System
Office of Administration
 Division of Budget and Planning
 Information Technology Services Division
 General Services/Risk Management
Office of the Attorney General
Office of the Governor
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of State Treasurer
Parkway School District
Platte County
Platte County Board of Election Commission
Public School Retirement System
Public Water Supply District #2 of St. Charles County
Southeast Port Authority
Special School District of St. Louis
Springfield Police Department

SOURCES OF INFORMATION(continued)

KG:LR:OD

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St. Charles County
St. Charles County Recorder of Deeds
St. Louis County
St. Louis County Collector of Revenue
Town of Carrollton
University of Central Missouri
University of Missouri

NOT RESPONDING: Buchanan County, Caldwell County, Carter County, City of Excelsior Springs, City of Grandview, City of Raytown, City of St. Joseph, City of Sugar Creek, City of Van Buren, Jackson County Sports Complex, Montgomery County, St. Joseph Port Authority, St. Louis City Port Authority, and St. Louis Regional Convention and Sports Complex Authority

Mickey Wilson, CPA



Director
April 26, 2010

KG:LR:OD